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**Sent:** 12/16/2010 9:35:07 AM

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**CC:**

**Subject:** Fw: DEP drops Dimock waterline plans; Cabot agrees to pay \$4.1M to residents

FYI.

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**From:** Erik Ross <eross@ggrgov.com>  
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**Date:** 12/16/2010 09:30 AM  
**Subject:** DEP drops Dimock waterline plans; Cabot agrees to pay \$4.1M to residents

FYI

Times-Tribune

## DEP drops Dimock waterline plans; Cabot agrees to pay \$4.1M to residents

*By Laura Legere, Staff Writer)*

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The Department of Environmental Protection has dropped its plans to build a 12.5-mile waterline from Montrose to Dimock Twp. in exchange for Cabot Oil and Gas Corp. agreeing to pay \$4.1 million to residents affected by methane contamination attributed to faulty Cabot natural gas wells.

The settlement, announced Wednesday evening, also calls for the Texas-based driller to pay the state's environmental oversight agency \$500,000 to help offset the cost of the department's investigation into the stray gas.

Each of the 19 families affected by the methane contamination in their water supplies will receive an amount equal to twice the value of their home, with a minimum payment of \$50,000. The amounts are typically over \$100,000 and often more than that, DEP Secretary John Hanger said.

"The 19 families in Dimock who have been living under very difficult conditions for far too long will receive a financial settlement that will allow them to address their own circumstances in their own way," he said.

The settlement also calls for Cabot to offer and pay to install whole-house gas mitigation devices in each of the 19 affected homes - devices that were earlier rejected by many of the families as unwieldy and inadequate. Other Dimock families have accepted the devices and said they helped address their water problems.

The agreement is a bitter one for families who were looking forward to the secure supply of clean water. It also opens the door for Cabot to resume operations in a 9-square-mile area of the township around the affected homes that has been off-limits to drilling since April. The company must first comply with the terms of the settlement, including ensuring gas does not migrate from its wells, Mr. Hanger said.

Cabot said it plans to resume hydraulic fracturing in the area in the first quarter of 2011 and begin drilling there again in the second quarter.

"We have been committed to responsible operations within Susquehanna County, and we have redoubled our efforts with the Pennsylvania Department of Environmental Resources to resolve past issues," Cabot CEO Dan O. Dinges said in a statement Wednesday night. "Today's announcement signifies a tremendous effort on all sides to move forward with resolution and closure."

DEP has been investigating methane contamination in Dimock water supplies since January 2009, when a blast blew a concrete cover off a residential well. The agency has since traced the methane in the aquifer to improper casing and excessive pressures in Cabot's wells.

Cabot has denied that it caused the contamination, which it says is naturally occurring.

In a press release, the secretary attributed the need for a settlement to "the opposition to the planned waterline and the uncertain future the project faces."

The state's infrastructure investment board, Pennvest, last month approved an \$11.8 million package of grants and loans to fund the waterline project, which was to have been constructed and maintained by Pennsylvania American Water Co. DEP planned to sue Cabot to recover the cost of the line.

But opposition to the line was loudly raised by Cabot as well as residents and elected officials both within and outside Susquehanna County, who called the project a misuse of public funds.

Mr. Hanger said it became clear the waterline would not be built after Republicans won control of both the governorship and the General Assembly during the November elections.

"Cabot's opposition was the opposition of elected members of the General Assembly, whom we respect. Two sit on the Pennvest board and voted against the waterline," he said, naming state Sen. Donald White, R-41, Indiana, and state Rep. Dick Hess, R-78, Bedford.

"It is quite likely that their views will in fact be in the majority come January at Pennvest," he said.

He called the settlement the strongest financial remedy DEP had ever obtained for families impacted by environmental damage. The settlement, which is between only DEP and Cabot, does not preclude Dimock residents from continuing with a lawsuit many families filed against Cabot alleging damage to their health and property because of the company's operations.

"I'm hoping now that everybody can turn the page and move towards a new day," Mr. Hanger said. "I hope, I believe that Cabot is going to operate differently. I hope that this is a part of making the damages that these 19 families have suffered better."

But Craig Sautner, one of the affected residents who is also part of the suit against Cabot, said he feels betrayed by the secretary's decision, especially after the families were given Mr. Hanger's public support and positive signs about the waterline project moving forward. He is also not certain how he will get clean water once Cabot stops delivering the temporary replacement supplies it has provided for over a year.

"A lot of hard work, a lot of fighting, to get sold down the river," he said. "How does the wrong win?"

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